



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-14, North Carolina State Income Tax Withholding

Date: April 4, 2008

To: Holders of TAXES (State of North Carolina only)
Personnel User Groups
T&A Contact Points in North Carolina

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will make the following changes to the state of North Carolina state income tax withholdings:

- The SINGLE, MARRIED, and HEAD OF HOUSEHOLD wage tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

JOHN S. WHITE, Acting Director
Government Employees Services Division

North Carolina State Income Tax Information

State Abbreviation:	NC
State Tax Withholding State Code:	37
Acceptable Exemption Form:	NC-4
Basis For Withholding:	State Exemptions
Acceptable Exemption Data:	S, M, H / Number of Dependents
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	None

Withholding Formula ►(Effective Pay Period 6, 2008)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment (s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by ►27◄ to obtain the annual wages.
5. Determine the standard deduction allowance by applying the following guideline and subtract this amount from the annual wages.

If the Employee Is:	The Standard Deduction Is:
Single	\$ 3,000
Married or Qualifying Widow(er)	3,000
Head of Household	4,400

6. Determine the dependent allowance by applying the following guideline and subtract this amount from the result of step 5.

Dependent Allowance = \$2,000¹ x Number of Dependents

¹ Use \$2,500 if the employee's annual wages are less than the amount shown below:

Single – \$60,000

Married or Qualifying Widow(er) – \$50,000

Head of Household – \$80,000

7. Apply the taxable income computed in step 6 to the following table to determine the North Carolina tax withholding.

Tax Withholding Table Single

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 12,750	6.00%	minus	\$ 0.00
12,750	60,000	7.00%	minus	127.50
60,000	▶ and over ◀	7.75%	minus	577.50

Married or Qualifying Widow(er)

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 10,625	6.00%	minus	\$ 0.00
10,625	50,000	7.00%	minus	106.25
50,000	▶ and over ◀	7.75%	minus	481.25

Head of Household

If the Amount of Taxable Income Is:		The Amount of North Carolina Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 17,000	6.00%	minus	\$ 0.00
17,000	80,000	7.00%	minus	170.00
80,000	▶ and over ◀	7.75%	minus	770.00

8. Divide the annual North Carolina tax withholding by ▶27◀ and round to the nearest dollar to obtain the biweekly North Carolina tax withholding.